

PROTECT BUSINESS VALUE *THROUGH TEAM RETENTION*



FP TRANSITIONS®

EBOOK

One of the most difficult challenges for independent advisory businesses is finding and retaining the professionals they need to service a growing client base and perpetuate sustainability.

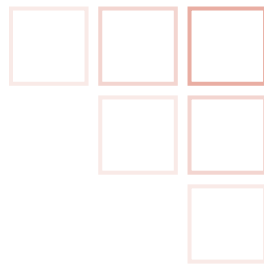
The value of a strong team and integrated business is ever increasing, and the number of new advisors coming into the profession is still relatively low. To be successful in building the right team, you'll need to be strategic in your efforts and focus on the people that best align with your business priorities.

The **most crucial elements** of a strong recruitment – and talent retention – strategy are:

- ✓ Understanding the type of talent that would best compliment your business
- ✓ Knowing where to recruit the type of talent you're looking for
- ✓ Optimizing what you have to offer new recruits of any experience level or age
- ✓ Dovetailing existing growth priorities and strategies—like acquisition—into your recruitment plans



WHAT DO YOU HAVE TO OFFER?



The recruitment process is a two-way street. You're evaluating candidates to fill an important role on your team, but they're evaluating your business as well. They're looking for the right role and the right pay, of course, but they're also looking for satisfaction, security, and place to grow.

The next step in attracting and retaining a talented team is understanding the full breadth what you have to offer, how to best communicate those benefits, and how to leverage them to retain your carefully curated team.

YOUR VALUE PROPOSITION AS A PROSPECTIVE EMPLOYER COVERS A FEW IMPORTANT AREAS:



COMPENSATION



COMPANY CULTURE



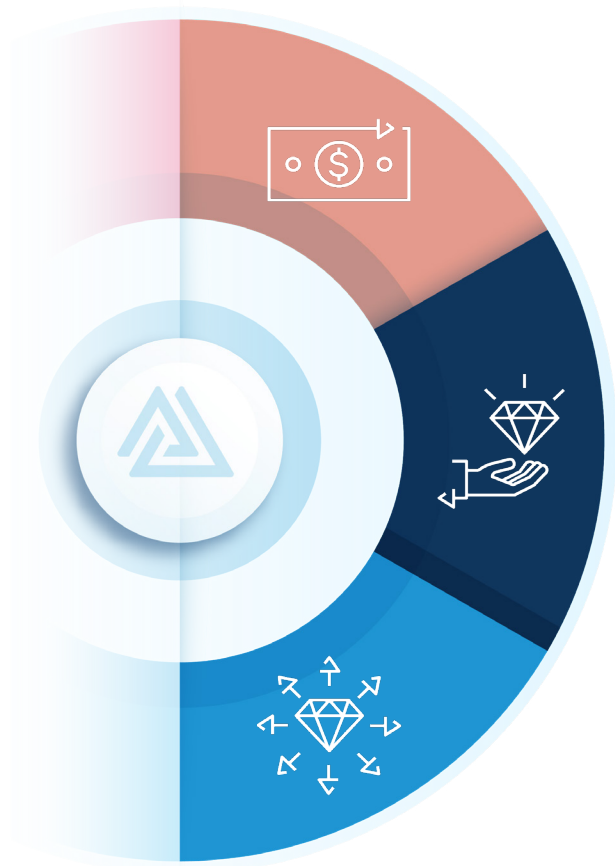
CAREER GROWTH



YOUR COMPENSATION TOOLBOX

Let's start with compensation. It is your most powerful recruitment, retention, and rewards tool. And it is your largest business expense. Balancing compensation is critical to both your recruitment and value growth.

You've got three main things in your compensation toolbox: Salary/wages, bonuses, and profit distributions. Balancing these areas of compensation is important for every team member, including owners like yourself.



SALARY/WAGES

Role-based: For day-to-day work performed. This is the largest piece of the compensation pie for non-owner team members. This is also a big part of your offer when recruiting new talent.

BONUS

Performance-based: Awarded for exemplary performance and defined metric completion. Bonuses are most appropriate leveraged by determining metrics or goals to be met over a certain period of time. These can be based on either individual or business-wide performance.

PROFIT DISTRIBUTIONS

Equity-based: Available to owners as a return on their buy-in/investment into the company. Profit distributions are typically paid quarterly to all equity owners in a percentage commiserate to ownership share. See page 16 to dive more into ownership and equity.

CENTRALIZED COMPENSATION & REVENUE SHARES

Balancing compensation in a way that offers the most benefit to candidates – and to the business – cannot be accomplished without including it in a centralized cashflow.

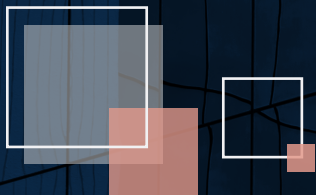
The strongest cashflow structures are those that establish the entity itself as the center of the system. Clients are clients of the business as a whole, advisors and other team members are employees of the business, the business collects all revenue from clients and assets, the business also distributes all expenses – including compensation which is often the largest expense item, the business pays out all profits to eligible equity owners.

This is a shift from a revenue-share – or eat-what-you-kill system – where multiple advisors may have worked under one roof and shared some

resources but ultimately operated their own books of business. This system had no structure for creating business growth or sustainability.

A revenue-share arrangement as compensation for your team undermines your business value and affords you little protection from the revenue loss that can come if that advisor decided to leave and take their clients with them.

Properly structured compensation that is industry-, role-, and market-driven can help you attract the best talent and keep them on your team. A benchmarking analysis of your business can help you understand what is competitive for financial service roles and businesses of your size in your market.



CULTURE & BENEFITS

After compensation, your company culture is one of the most powerful instruments you have that can help your business stand out stay competitive in the recruitment process. Culture is how your values are reflected in business practices, team building and support, and community involvement.

The two most important cultural benefits are: insurance and paid time off. These two are legally mandated to an extent depending on your size and state(s) of operation, but they can be leveraged to demonstrate your culture and elevate your recruitment strategy. Things to consider are: covering a higher percentage of insurance premiums; offering supplemental insurance benefits—like dental and vision; and structuring your time off policies to include things like higher accrued PTO, dedicated paid sick time, and parental leave.

These cultural benefits are reflected in your communication style, team review frequency, organized office events, community service, in-office perks, stipends, remote work policies, and continuing education support, to name a few. Understand your culture and how to communicate it effectively in your recruitment and team retention efforts. **For many people, these cultural alignments are almost as important as the salary offer.**

Other cultural benefits include the **atmosphere of the office, team relationships, community involvement, and additional perks.**

- ✓ How is your office set up to best support team productivity and comfort?
- ✓ How do you encourage your team to connect?
- ✓ How do you support your team's work-life balance?
- ✓ How do you inspire professional and personal growth?

CULTURE & BENEFITS

Creating a vibrant company culture and offering exceptional benefits is a great way to foster a happy, motivated and productive workforce. But where do you start?

By modeling the type of team you want to attract and going above and beyond the standard perks, you will enrich the personal and professional lives of your employees while also creating a dynamic and sought-after work environment where employees will want to grow their careers.

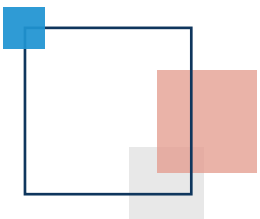
ADDITIONAL PERKS TO CONSIDER

Family: Offer family-inclusive company events, childcare assistance, extended maternity/paternity leave and support, remote and hybrid work.

Wellness: Healthy snacks on hand, wellness area, gym memberships, organized company health challenges

Philanthropy: Paid time off for volunteer work, sponsoring charity events and drives, team voice in philanthropic support

Education: Strong internship and mentorship programs, covered fees and paid time for continuing education, bonus metrics for new designations



PAVING THE WAY FOR CAREER GROWTH

New and existing team members alike are always thinking about what's next. No professional, at any level of expertise or experience, is hoping for stagnancy. What do you have to offer your team to keep their career path moving forward and growing. Again, what resonates will depend on whether you are recruiting seasoned or less experienced advisors.

As a business owner and seasoned professional yourself, you have much to offer by way of participation, communication, and advancement.

Participation is especially valuable to fresher talent. Involving younger professionals in the day-to-day and implementing hands on training as soon as possible sparks excitement and helps them understand their value to the business. Mentorship from a colleague is a powerful way to support individual growth, cultivate open communication, and shepherd new members of your team.

Demonstrate clear communication about what a candidate can expect from the role and their journey with the business. Practice transparency with your team in terms of performance expectations and available opportunities for growth that and to keep everyone in alignment and build trust. Work together to set goals for progression, a strategy to achieve them, and a plan for what comes after.

Understand what advancement opportunities you'll be able to offer your team, especially as the business grows and becomes more valuable. Set benchmarks to trigger advancement opportunities and nurture individual strengths in alignment with your overall business strategy. Be sure to support growth and reward performance not only in advancement of responsibilities but in compensation.

The ultimate advancement of leadership and responsibility is ownership. Which leads us to equity.



EQUITY AS A RECRUITMENT & RETENTION TOOL

The opportunity to gain ownership in a valuable business is a powerful recruitment and retention tool, especially when recruiting more-experienced professionals. But this is not a carrot that should be wielded without sincerity. Even if the opportunity won't be on the table for a few years, you should be willing to document milestones and timelines for consideration.

Incorporating new owners into a business is a process that can be as complicated or as simple as its participants and their priorities, but here are the basics: A new owner purchases a – usually small– percentage of ownership from a majority owner or founder. The transition timeline can be more accessible as a gradual and incremental buy-in—a low percentage of equity every 3-5 years, for example. Alternatively, majority owners can elect to accelerate an exit with a larger equity sale through special financing tools. This is easier to execute if the next-generation ownership team has many members and is on the same page about sharing a larger debt load.

Equity ownership and percentage of share translates into the portion of profit they receive at distribution time. It also helps determine the level of control or decision-making power an individual has in the business. Owners – whether majority or minority – are leaders in the business and caretakers of its future.

Granting ownership is a big commitment on both sides and candidates should be chosen carefully. Fit and alignment is more important between members of the same ownership team than in any other situation.

Understand that equity ownership may not be something that you're able to offer at this point. And that should be a part of how you go about recruiting new talent. But also consider how expanding your equity circle can strengthen the business, create sustainability, and increase value.

Synthetic Equity As An Alternative To Reward Top Talent

Synthetic equity does not require a monetary buy-in or grant ownership, but it is usually reserved for long-term commitments and the highest levels of growth impact from an individual. There are a few different methods and agreement types that deploy synthetic equity, but the common thread is that they create a strong bond between an individual's performance and the overall success of the business.





WHAT NEXT?

These recruitment consideration and tools, when wielded properly, can be effective on their own, but are even more so when combined strategically and applied with intentionality.

Creating the best opportunities for new and seasoned talent within your business starts with your own understanding of the business, who you need, and what you have to offer. An enterprise with clear plans for growth will be more successful at recruiting the right professionals to their team – and holding on to the talent they have.

Leverage your resources for putting your winning recruitment and talent retention strategies on paper and into action. Identifying business value, KPIs, areas for growth, and next steps is what we do. In the context of your talent strategy **this means making a plan to address the following questions:**

- What areas of your business would benefit most from recruiting the right kind of talent?
- What do you have available to recruit and compensate – how can you improve that?
- What is appropriate and competitive with peers in your area?

LET'S DO THIS.

- 1. Identify Your Goals:** Clarify how you want to leverage talent.
- 2. Assess Your Strengths:** Evaluate what unique skills and resources you bring to the table.
- 3. Set Timelines:** Define your immediate needs and outline the types of talent you plan to incorporate as you expand.
- 4. Take Action:** Begin your journey with a clear plan.

Let's talk about what you want to do with your business and how our [Equity Management Solutions[®]](#) program can get you there.

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